

E & R AMENDMENTS TO LB 968

Introduced by Enrollment and Review Committee:

1           1. Strike the original sections and all amendments  
2 thereto and insert the following new sections:

3           Section 1. Section 66-1345.04, Revised Statutes  
4 Supplement, 2005, is amended to read:

5           66-1345.04 (1) The State Treasurer shall transfer from  
6 the General Fund to the Ethanol Production Incentive Cash Fund,  
7 on or before the end of each of fiscal years 1995-96 and 1996-97,  
8 \$8,000,000 per fiscal year.

9           (2) It is the intent of the Legislature that the  
10 following General Fund amounts be appropriated to the Ethanol  
11 Production Incentive Cash Fund in each of the following years:

12           (a) For each of fiscal years 1997-98 and 1998-99,  
13 \$7,000,000 per fiscal year;

14           (b) For fiscal year 1999-2000, \$6,000,000;

15           (c) For fiscal year 2000-01, \$5,000,000;

16           (d) For fiscal year 2001-02 and for each of fiscal years  
17 2003-04 through 2006-07, \$1,500,000;

18           (e) For each of fiscal years 2005-06 and 2006-07,  
19 \$2,500,000 in addition to the amount in subdivision (2)(d) of  
20 this section;

21           (f) For fiscal year 2007-08, \$5,500,000; ~~and~~

22           (g) For each of fiscal years 2008-09 through 2011-12,  
23 \$2,500,000; and -

1           (h) For each of fiscal years 2005-06 and 2006-07,  
2           \$5,000,000 in addition to the other amounts in this section.

3           Sec. 2. Section 77-201, Revised Statutes Supplement,  
4           2005, is amended to read:

5                     77-201 (1) Except as provided in subsections (2) through  
6                     (4) of this section, all real property in this state, not expressly  
7                     exempt therefrom, shall be subject to taxation and shall be valued  
8                     at its actual value.

9                     (2) Agricultural land and horticultural land as defined  
10                    in section 77-1359 shall constitute a separate and distinct class  
11                    of property for purposes of property taxation, shall be subject  
12                    to taxation, unless expressly exempt from taxation, and shall be  
13                    valued at ~~eighty~~ seventy-five percent of its actual value.

14                    (3) Agricultural land and horticultural land actively  
15                    devoted to agricultural or horticultural purposes which has value  
16                    for purposes other than agricultural or horticultural uses and  
17                    which meets the qualifications for special valuation under section  
18                    77-1344 shall constitute a separate and distinct class of property  
19                    for purposes of property taxation, shall be subject to taxation,  
20                    and shall be valued for taxation at ~~eighty~~ seventy-five percent  
21                    of its special value as defined in section 77-1343 and at ~~eighty~~  
22                    seventy-five percent of its recapture value as defined in section  
23                    77-1343 when the land is disqualified for special valuation under  
24                    section 77-1347.

25                    (4) Commencing January 1, 2006, historically significant  
26                    real property which ~~meet~~ meets the qualifications for historic  
27                    rehabilitation valuation under sections 77-1385 to 77-1394 shall be

1 valued for taxation as provided in such sections.

2           (5) Tangible personal property, not including motor  
3 vehicles registered for operation on the highways of this state,  
4 shall constitute a separate and distinct class of property for  
5 purposes of property taxation, shall be subject to taxation, unless  
6 expressly exempt from taxation, and shall be valued at its net  
7 book value. Tangible personal property transferred as a gift or  
8 devise or as part of a transaction which is not a purchase shall be  
9 subject to taxation based upon the date the property was acquired  
10 by the previous owner and at the previous owner's Nebraska adjusted  
11 basis. Tangible personal property acquired as replacement property  
12 for converted property shall be subject to taxation based upon  
13 the date the converted property was acquired and at the Nebraska  
14 adjusted basis of the converted property unless insurance proceeds  
15 are payable by reason of the conversion. For purposes of this  
16 subsection, (a) converted property means tangible personal property  
17 which is compulsorily or involuntarily converted as a result of  
18 its destruction in whole or in part, theft, seizure, requisition,  
19 or condemnation, or the threat or imminence thereof, and no gain  
20 or loss is recognized for federal or state income tax purposes  
21 by the holder of the property as a result of the conversion and  
22 (b) replacement property means tangible personal property acquired  
23 within two years after the close of the calendar year in which  
24 tangible personal property was converted and which is, except for  
25 date of construction or manufacture, substantially the same as the  
26 converted property.

27           Sec. 3. Section 77-2701, Revised Statutes Supplement,

1 2005, is amended to read:

2 77-2701 Sections 77-2701 to 77-27,135.01, 77-27,222, and  
3 77-27,228 to 77-27,234 and section 5 of this act shall be known and  
4 may be cited as the Nebraska Revenue Act of 1967.

5 Sec. 4. Section 77-2701.04, Revised Statutes Supplement,  
6 2005, is amended to read:

7 77-2701.04 For purposes of sections 77-2701.04 to 77-2713  
8 and section 5 of this act, unless the context otherwise requires,  
9 the definitions found in sections 77-2701.05 to 77-2701.47 shall be  
10 used.

11 Sec. 5. Sales and use taxes shall not be imposed on the  
12 gross receipts for building materials and construction services  
13 purchased by a housing agency as defined in section 71-1575.

14 Sec. 6. Section 77-2704.55, Revised Statutes Cumulative  
15 Supplement, 2004, is amended to read:

16 77-2704.55 (1) Sales and use taxes shall not be  
17 imposed on the gross receipts for the labor of a contractor as  
18 determined in subdivision (10)(e) of section 77-2701.16 purchased  
19 in connection with the following types of construction projects:

20 (a) The first or original construction of a new  
21 structure, building, or unit;

22 ~~(b) The addition of an entire room or floor to any~~  
23 ~~existing building;~~

24 ~~(c) The completion of an unfinished portion of an~~  
25 ~~existing structure;~~

26 ~~(d) The restoration, reconstruction, or replacement of a~~  
27 ~~structure damaged or destroyed by fire, flood, tornado, lightning,~~

1 ~~explosion, ice storm, or natural disaster,~~

2           ~~(e)~~ (b) The construction, repair, or annexation of any  
3 structure used for the generation, transmission, or distribution of  
4 electricity; ~~or~~

5           ~~(f)~~ (c) The major addition, remodeling, restoration,  
6 repair, or renovation of an existing structure or building or a  
7 unit of an existing building described in subdivision ~~(2)(c)(ii)~~ of  
8 this section. For a project on a building other than an existing  
9 dwelling designed for occupancy by one family or a duplex designed  
10 for occupancy by two families, the exemption granted in this  
11 subdivision shall be conditioned upon the taxpayer seeking approval  
12 from the Department of Revenue that the project, if substantially  
13 completed according to designs, plans, specifications, or other  
14 materials submitted with the application to the department,  
15 meets the requirements for a major renovation under subdivision  
16 ~~(2)(c)(ii)~~ of this section and the construction services will be  
17 exempt from tax. For a project on an existing dwelling designed for  
18 occupancy by one family or a duplex designed for occupancy by two  
19 families, the exemption may be granted either upon approval by the  
20 department that the project, if substantially completed according  
21 to plans submitted with the application to the department,  
22 meets the requirements for a major renovation under subdivision  
23 ~~(2)(c)(ii)~~ of this section or notice from the contractor to the  
24 department of the nature of the project and an explanation of why  
25 the renovation will qualify for the exemption. Approval may be  
26 granted in accordance with the procedures set forth in subsection  
27 (4) of this section that is a single construction project of any

1 type that costs at least fifty percent of the current value of the  
2 existing structure or building or unit of an existing building; or

3 (d) Commencing July 1, 2006, construction services on  
4 dwellings designed for occupancy by one family or duplexes designed  
5 for occupancy by two families.

6 (2) For purposes of this section:

7 (a) Building means any freestanding structure annexed to  
8 land, enclosed within a roof and exterior walls, regardless of  
9 whether enclosed on all sides;

10 (b) Current value means the current assessed value of  
11 the structure, building, or unit as determined in the records  
12 of the county assessor. If the county assessor has no current  
13 assessed value, the current value shall be the market value of  
14 the structure, building, or unit as shown by an appraisal of the  
15 property that has been performed by a licensed appraiser within six  
16 months prior to commencement of the construction project;

17 (c) Dwelling means a residential structure. Dwelling  
18 includes an attached or detached garage. Dwelling does not include  
19 fences, landscaping, retaining walls, storage buildings, or other  
20 structures that are not designed for human habitation;

21 (d) Owner-occupied residential unit means a residential  
22 unit in a dwelling complex containing three or more units actually  
23 occupied by a natural person who is the owner of record or who has  
24 a life tenancy therein at the time the construction or repair work  
25 is performed;

26 (b) Fixture means a piece of equipment that must be  
27 annexed to the building or structure in order to properly function,

1 ~~yet remains identifiable as a separate item;~~

2 ~~(c) Major renovation of an existing building or a unit of~~  
3 ~~an existing building means a single renovation project that:~~

4 ~~(i) Increases the market value of the building or unit by~~  
5 ~~at least one hundred percent; or~~

6 ~~(ii) Entails the renovation of no less than seventy-five~~  
7 ~~percent of the square feet of the building or unit;~~

8 ~~(d) Renovation means the rehabilitation, replacement,~~  
9 ~~or reconfiguration of walls or fixtures. Mere replacement of~~  
10 ~~floor coverings does not constitute renovation for purposes of~~  
11 ~~subdivision (1)(f) of this section;~~

12 (e) Structure means any construction composed of building  
13 materials arranged and fitted together in some way. Structure  
14 includes, but is not limited to, streets and roadways, street  
15 lighting, and sewers and waterlines; and

16 (f) Unit means a physical portion of a building  
17 designated for separate ownership, rental, or occupancy. If a unit  
18 of a building is to be renovated and the current value is known  
19 only for the building, the current value for the building shall be  
20 apportioned to the unit based on square footage of floor space.

21 (3) Construction services performed on an owner-occupied  
22 residential unit shall be subject to tax, but commencing July 1,  
23 2006, the owner shall be entitled to a refund of any sales and  
24 use taxes paid by the owner on construction services pursuant to  
25 this subsection. A taxpayer shall be entitled to a refund of any  
26 sales tax paid to a contractor on the gross receipts from the labor  
27 of a contractor for any major renovation described in subdivision

1 ~~(2)(c)(i)~~ of this section or, if prior approval of the renovation  
2 pursuant to this section has not been obtained, for any major  
3 renovation described in subdivision ~~(2)(c)(ii)~~ of this section on  
4 the gross receipts for the labor of a contractor for any major  
5 addition, remodeling, restoration, repair, or renovation described  
6 in this section. The refund granted in this ~~section~~ subsection  
7 shall be conditioned upon filing a claim for the refund on a form  
8 developed by the Tax Commissioner. The requirements imposed by the  
9 Tax Commissioner shall be related to ensuring that the project  
10 qualifies for the refund. Any information received pursuant to  
11 the requirements of this subsection may be disclosed to any tax  
12 official in this state. Any taxpayer who provides false information  
13 on the forms required by the Tax Commissioner for purposes of this  
14 subsection shall be subject to the penalties provided in subsection  
15 (8) of section 77-2705.

16 (4) (a) Until July 1, 2007, a taxpayer may seek prior  
17 approval from the Department of Revenue that the project, if  
18 substantially completed according to designs and specifications  
19 submitted with the application to the department, meets the  
20 requirements for a major addition, remodeling, restoration, repair,  
21 or renovation under this section and the labor performed in  
22 annexing the building materials to real estate will be exempt from  
23 tax. A taxpayer may apply to the Tax Commissioner for approval that  
24 a proposed construction project meets the requirements for a major  
25 renovation described in subdivision ~~(2)(c)(ii)~~ of this section.

26 (b) The approval granted in this ~~section~~ subsection shall  
27 be conditioned upon filing an application on a form developed

1 by the Tax Commissioner with an application fee of five hundred  
2 dollars. The application fee shall be remitted to the State  
3 Treasurer for credit to the Department of Revenue Contractor  
4 Enforcement Fund. The application shall be supported by designs,  
5 specifications, contract amount, and the current value. plans,  
6 ~~specifications, or other materials,~~ signed by a licensed architect  
7 or engineer, that indicate the extent of the renovation, the work  
8 that is planned to be performed, and the square footage of the  
9 floor space that is to be renovated. Any requirements imposed by  
10 the Tax Commissioner shall be related to ensuring that the project  
11 qualifies for the exemption so long as the project is completed in  
12 substantial conformity with the designs, plans, and specifications,  
13 ~~or other materials~~ submitted with the application.

14 (c) The Tax Commissioner shall approve or deny the  
15 application within sixty business days after receiving the  
16 application. Within sixty days after the completion of the  
17 renovation, a licensed architect or engineer shall certify to the  
18 Tax Commissioner that the renovation was completed in substantial  
19 conformity with the designs, plans, and specifications, ~~or other~~  
20 ~~materials~~ submitted with the application or shall amend the  
21 original application to describe the project as actually completed.

22 (d) Any information received pursuant to the requirements  
23 of this subsection may be disclosed to any tax official in this  
24 state. Any person who provides false information on the forms or  
25 plans, designs and specifications, ~~and materials~~ required by the  
26 Tax Commissioner for purposes of this subsection shall be subject  
27 to the penalties provided in subsection (8) of section 77-2705.

1           (5) The provisions of this section shall not excuse any  
2 person from the obligation to collect sales tax on retail sales of  
3 property not annexed to real estate or from the obligation to pay  
4 the sales tax or remit the use tax on tools, services, and other  
5 materials consumed that are not annexed to real estate.

6           (6) The Department of Revenue Contractor Enforcement Fund  
7 is created. Any money in the fund available for investment shall be  
8 invested by the state investment officer pursuant to the Nebraska  
9 Capital Expansion Act and the Nebraska State Funds Investment Act.

10           Sec. 7. Section 77-2715.02, Reissue Revised Statutes of  
11 Nebraska, is amended to read:

12           77-2715.02 (1) Whenever the primary rate is changed by  
13 the Legislature under section 77-2715.01, the Tax Commissioner  
14 shall update the rate schedules required in subsection (2) of this  
15 section to reflect the new primary rate and shall publish such  
16 updated schedules.

17           (2) The following rate schedules are hereby established  
18 for the Nebraska individual income tax and shall be in the  
19 following form:

20           (a) The income amounts for columns A and E shall be:

21           (i) \$0, ~~\$2,400,~~ ~~\$17,000,~~ and ~~\$26,500,~~ \$2,400, \$17,500,  
22 and \$27,000, for single returns;

23           (ii) \$0, ~~\$4,000,~~ ~~\$30,000,~~ and ~~\$46,750,~~ \$4,000, \$31,000,  
24 and \$50,000, for married filing joint returns;

25           (iii) \$0, ~~\$3,800,~~ ~~\$24,000,~~ and ~~\$35,000,~~ \$3,800, \$25,000,  
26 and \$35,000, for head-of-household returns;

27           (iv) \$0, ~~\$2,000,~~ ~~\$15,000,~~ and ~~\$23,375,~~ \$2,000, \$15,500,

1 and \$25,000, for married filing separate returns; and

2 (v) \$0, \$500, \$4,700, and \$15,150, for estates and  
3 trusts;

4 (b) The amount in column C shall be the total amount of  
5 the tax imposed on income less than the amount in column A;

6 (c) The amount in column D shall be the rate on the  
7 income in excess of the amount in column E;

8 (d) For taxable years beginning or deemed to begin  
9 before January 1, 2003, under the Internal Revenue Code of 1986,  
10 as amended, the primary rate set by the Legislature shall be  
11 multiplied by the following factors to compute the tax rates for  
12 column D. The factors for the brackets, from lowest to highest  
13 bracket, shall be .6784, .9432, 1.3541, and 1.8054;

14 (e) For taxable years beginning or deemed to begin on  
15 or after January 1, 2003, under the Internal Revenue Code of  
16 1986, as amended, the primary rate set by the Legislature shall  
17 be multiplied by the following factors to compute the tax rates  
18 for column D. The factors for the brackets, from lowest to highest  
19 bracket, shall be .6932, .9646, 1.3846, and 1.848;

20 (f) The amounts for column C shall be rounded to the  
21 nearest dollar, and the amounts in column D shall be rounded to  
22 hundredths of one percent; and

23 (g) One rate schedule shall be established for each  
24 federal filing status.

25 (3) The tax rate schedules shall use the format set forth  
26 in this subsection.

27	A	B	C	D	E
28	Taxable income	but not	pay	plus	of the

1                   over                   over                   amount over

2                   (4) The tax rate applied to other federal taxes included  
3 in the computation of the Nebraska individual income tax shall be  
4 eight times the primary rate.

5                   (5) The Tax Commissioner shall prepare, from the rate  
6 schedules, tax tables which can be used by a majority of the  
7 taxpayers to determine their Nebraska tax liability. The design of  
8 the tax tables shall be determined by the Tax Commissioner. The  
9 size of the tax table brackets may change as the level of income  
10 changes. The difference in tax between two tax table brackets shall  
11 not exceed fifteen dollars. The Tax Commissioner may build the  
12 personal exemption credit and standard deduction amounts into the  
13 tax tables.

14                   (6) The Tax Commissioner may require by rule and  
15 regulation that all taxpayers shall use the tax tables if their  
16 income is less than the maximum income included in the tax tables.

17                   Sec. 8. Section 77-2715.07, Revised Statutes Supplement,  
18 2005, is amended to read:

19                   77-2715.07 (1) There shall be allowed to qualified  
20 resident individuals as a nonrefundable credit against the income  
21 tax imposed by the Nebraska Revenue Act of 1967:

22                   (a) A credit equal to the federal credit allowed under  
23 section 22 of the Internal Revenue Code; and

24                   (b) A credit for taxes paid to another state as provided  
25 in section 77-2730.

26                   (2) There shall be allowed to qualified resident  
27 individuals against the income tax imposed by the Nebraska Revenue

1 Act of 1967:

2 (a) For returns filed reporting federal adjusted  
3 gross incomes of greater than twenty-nine thousand dollars, a  
4 nonrefundable credit equal to twenty-five percent of the federal  
5 credit allowed under section 21 of the Internal Revenue Code of  
6 1986, as amended;

7 (b) For returns filed reporting federal adjusted gross  
8 income of twenty-nine thousand dollars or less, a refundable credit  
9 equal to a percentage of the federal credit allowable under section  
10 21 of the Internal Revenue Code of 1986, as amended, whether or  
11 not the federal credit was limited by the federal tax liability.  
12 The percentage of the federal credit shall be one hundred percent  
13 for incomes not greater than twenty-two thousand dollars, and  
14 the percentage shall be reduced by ten percent for each one  
15 thousand dollars, or fraction thereof, by which the reported  
16 federal adjusted gross income exceeds twenty-two thousand dollars;

17 (c) A refundable credit for individuals who qualify for  
18 an income tax credit under the Beginning Farmer Tax Credit Act for  
19 all taxable years beginning or deemed to begin on or after January  
20 1, 2001, under the Internal Revenue Code of 1986, as amended; ~~and~~

21 (d) A refundable credit for individuals who qualify for  
22 an income tax credit under the Nebraska Advantage Microenterprise  
23 Tax Credit Act or the Nebraska Advantage Research and Development  
24 Act; and

25 (e) A refundable credit equal to eight percent of the  
26 federal credit allowed under section 32 of the Internal Revenue  
27 Code of 1986, as amended.

1           (3) There shall be allowed to all individuals as a  
2 nonrefundable credit against the income tax imposed by the Nebraska  
3 Revenue Act of 1967:

4           (a) A credit for personal exemptions allowed under  
5 section 77-2716.01; and

6           (b) A credit for contributions to certified community  
7 betterment programs as provided in the Community Development  
8 Assistance Act. Each partner, each shareholder of an electing  
9 subchapter S corporation, each beneficiary of an estate or trust,  
10 or each member of a limited liability company shall report his or  
11 her share of the credit in the same manner and proportion as he  
12 or she reports the partnership, subchapter S corporation, estate,  
13 trust, or limited liability company income.

14           (4) There shall be allowed as a credit against the income  
15 tax imposed by the Nebraska Revenue Act of 1967:

16           (a) A credit to all resident estates and trusts for taxes  
17 paid to another state as provided in section 77-2730; and

18           (b) A credit to all estates and trusts for contributions  
19 to certified community betterment programs as provided in the  
20 Community Development Assistance Act.

21           (5) There shall be allowed to all business firms as a  
22 credit against the income tax imposed by the Nebraska Revenue Act  
23 of 1967 a credit as provided in section 77-27,222.

24           Sec. 9. Section 77-2716, Revised Statutes Supplement,  
25 2005, is amended to read:

26           77-2716 (1) The following adjustments to federal adjusted  
27 gross income or, for corporations and fiduciaries, federal taxable

1 income shall be made for interest or dividends received:

2 (a) There shall be subtracted interest or dividends  
3 received by the owner of obligations of the United States and its  
4 territories and possessions or of any authority, commission, or  
5 instrumentality of the United States to the extent includable in  
6 gross income for federal income tax purposes but exempt from state  
7 income taxes under the laws of the United States;

8 (b) There shall be subtracted that portion of the  
9 total dividends and other income received from a regulated  
10 investment company which is attributable to obligations described  
11 in subdivision (a) of this subsection as reported to the recipient  
12 by the regulated investment company;

13 (c) There shall be added interest or dividends received  
14 by the owner of obligations of the District of Columbia, other  
15 states of the United States, or their political subdivisions,  
16 authorities, commissions, or instrumentalities to the extent  
17 excluded in the computation of gross income for federal income  
18 tax purposes except that such interest or dividends shall not be  
19 added if received by a corporation which is a regulated investment  
20 company;

21 (d) There shall be added that portion of the total  
22 dividends and other income received from a regulated investment  
23 company which is attributable to obligations described in  
24 subdivision (c) of this subsection and excluded for federal  
25 income tax purposes as reported to the recipient by the regulated  
26 investment company; and

27 (e) (i) Any amount subtracted under this subsection shall

1 be reduced by any interest on indebtedness incurred to carry the  
2 obligations or securities described in this subsection or the  
3 investment in the regulated investment company and by any expenses  
4 incurred in the production of interest or dividend income described  
5 in this subsection to the extent that such expenses, including  
6 amortizable bond premiums, are deductible in determining federal  
7 taxable income.

8 (ii) Any amount added under this subsection shall be  
9 reduced by any expenses incurred in the production of such income  
10 to the extent disallowed in the computation of federal taxable  
11 income.

12 (2) There shall be allowed a net operating loss derived  
13 from or connected with Nebraska sources computed under rules  
14 and regulations adopted and promulgated by the Tax Commissioner  
15 consistent, to the extent possible under the Nebraska Revenue  
16 Act of 1967, with the laws of the United States. For a resident  
17 individual, estate, or trust, the net operating loss computed  
18 on the federal income tax return shall be adjusted by the  
19 modifications contained in this section. For a nonresident  
20 individual, estate, or trust or for a partial-year resident  
21 individual, the net operating loss computed on the federal return  
22 shall be adjusted by the modifications contained in this section  
23 and any carryovers or carrybacks shall be limited to the portion of  
24 the loss derived from or connected with Nebraska sources.

25 (3) There shall be subtracted from federal adjusted gross  
26 income for all taxable years beginning on or after January 1, 1987,  
27 the amount of any state income tax refund to the extent such refund

1 was deducted under the Internal Revenue Code, was not allowed in  
2 the computation of the tax due under the Nebraska Revenue Act of  
3 1967, and is included in federal adjusted gross income.

4 (4) Federal adjusted gross income, or, for a fiduciary,  
5 federal taxable income shall be modified to exclude the portion of  
6 the income or loss received from a small business corporation with  
7 an election in effect under subchapter S of the Internal Revenue  
8 Code or from a limited liability company organized pursuant to the  
9 Limited Liability Company Act that is not derived from or connected  
10 with Nebraska sources as determined in section 77-2734.01.

11 (5) There shall be subtracted from federal adjusted gross  
12 income or, for corporations and fiduciaries, federal taxable income  
13 dividends received or deemed to be received from corporations which  
14 are not subject to the Internal Revenue Code.

15 (6) There shall be subtracted from federal taxable income  
16 a portion of the income earned by a corporation subject to the  
17 Internal Revenue Code of 1986 that is actually taxed by a foreign  
18 country or one of its political subdivisions at a rate in excess  
19 of the maximum federal tax rate for corporations. The taxpayer may  
20 make the computation for each foreign country or for groups of  
21 foreign countries. The portion of the taxes that may be deducted  
22 shall be computed in the following manner:

23 (a) The amount of federal taxable income from operations  
24 within a foreign taxing jurisdiction shall be reduced by the amount  
25 of taxes actually paid to the foreign jurisdiction that are not  
26 deductible solely because the foreign tax credit was elected on the  
27 federal income tax return;

1           (b) The amount of after-tax income shall be divided by  
2 one minus the maximum tax rate for corporations in the Internal  
3 Revenue Code; and

4           (c) The result of the calculation in subdivision (b) of  
5 this subsection shall be subtracted from the amount of federal  
6 taxable income used in subdivision (a) of this subsection. The  
7 result of such calculation, if greater than zero, shall be  
8 subtracted from federal taxable income.

9           (7) Federal adjusted gross income shall be modified to  
10 exclude any amount repaid by the taxpayer for which a reduction  
11 in federal tax is allowed under section 1341(a)(5) of the Internal  
12 Revenue Code.

13           (8) (a) Federal adjusted gross income or, for corporations  
14 and fiduciaries, federal taxable income shall be reduced, to the  
15 extent included, by income from interest, earnings, and state  
16 contributions received from the Nebraska educational savings plan  
17 trust created in sections 85-1801 to 85-1814.

18           (b) Federal adjusted gross income or, for corporations  
19 and fiduciaries, federal taxable income shall be reduced, to the  
20 extent not deducted for federal income tax purposes, by the amount  
21 of any gift, grant, or donation made to the Nebraska educational  
22 savings plan trust for deposit in the endowment fund of the trust.

23           (c) Federal adjusted gross income or, for corporations  
24 and fiduciaries, federal taxable income shall be reduced by any  
25 contributions as a participant in the Nebraska educational savings  
26 plan trust, to the extent not deducted for federal income tax  
27 purposes, but not to exceed five hundred dollars per married filing

1 separate return or one thousand dollars for any other return.

2 (d) Federal adjusted gross income or, for corporations  
3 and fiduciaries, federal taxable income shall be increased by  
4 the amount resulting from the cancellation of a participation  
5 agreement refunded to the taxpayer as a participant in the Nebraska  
6 educational savings plan trust to the extent previously deducted as  
7 a contribution to the trust.

8 (9) (a) For income tax returns filed after September 10,  
9 2001, for taxable years beginning or deemed to begin before January  
10 1, 2006, under the Internal Revenue Code of 1986, as amended,  
11 federal adjusted gross income or, for corporations and fiduciaries,  
12 federal taxable income shall be increased by eighty-five percent  
13 of any amount of any federal bonus depreciation received under  
14 the federal Job Creation and Worker Assistance Act of 2002 or the  
15 federal Jobs and Growth Tax Act of 2003, under section 168(k) or  
16 section 1400L of the Internal Revenue Code of 1986, as amended,  
17 for assets placed in service after September 10, 2001, and before  
18 December 31, 2005.

19 (b) For a partnership, limited liability company,  
20 cooperative, including any cooperative exempt from income taxes  
21 under section 521 of the Internal Revenue Code of 1986, as amended,  
22 subchapter S corporation, or joint venture, the increase shall be  
23 distributed to the partners, members, shareholders, patrons, or  
24 beneficiaries in the same manner as income is distributed for use  
25 against their income tax liabilities.

26 (c) For a corporation with a unitary business having  
27 activity both inside and outside the state, the increase shall be

1 apportioned to Nebraska in the same manner as income is apportioned  
2 to the state by section 77-2734.05.

3 (d) The amount of bonus depreciation added to federal  
4 adjusted gross income or, for corporations and fiduciaries, federal  
5 taxable income by this subsection shall be subtracted in a  
6 later taxable year. Twenty percent of the total amount of bonus  
7 depreciation added back by this subsection for tax years beginning  
8 or deemed to begin before January 1, 2003, under the Internal  
9 Revenue Code of 1986, as amended, may be subtracted in the first  
10 taxable year beginning or deemed to begin on or after January 1,  
11 2005, under the Internal Revenue Code of 1986, as amended, and  
12 twenty percent in each of the next four following taxable years.  
13 Twenty percent of the total amount of bonus depreciation added back  
14 by this subsection for tax years beginning or deemed to begin on or  
15 after January 1, 2003, may be subtracted in the first taxable year  
16 beginning or deemed to begin on or after January 1, 2006, under the  
17 Internal Revenue Code of 1986, as amended, and twenty percent in  
18 each of the next four following taxable years.

19 (10) For taxable years beginning or deemed to begin on  
20 or after January 1, 2003, and before January 1, 2006, under the  
21 Internal Revenue Code of 1986, as amended, federal adjusted gross  
22 income or, for corporations and fiduciaries, federal taxable income  
23 shall be increased by the amount of any capital investment that is  
24 expensed under section 179 of the Internal Revenue Code of 1986,  
25 as amended, that is in excess of twenty-five thousand dollars that  
26 is allowed under the federal Jobs and Growth Tax Act of 2003.  
27 Twenty percent of the total amount of expensing added back by

1 this subsection for tax years beginning or deemed to begin on or  
2 after January 1, 2003, may be subtracted in the first taxable year  
3 beginning or deemed to begin on or after January 1, 2006, under the  
4 Internal Revenue Code of 1986, as amended, and twenty percent in  
5 each of the next four following tax years.

6 Sec. 10. Section 77-2716.01, Revised Statutes Cumulative  
7 Supplement, 2004, is amended to read:

8 77-2716.01 (1) Every individual shall be allowed to  
9 subtract from his or her income tax liability an amount for  
10 personal exemptions. The amount allowed to be subtracted shall  
11 be the credit amount for the year as provided in this section  
12 multiplied by the number of exemptions allowed on the federal  
13 return. For tax year 1993, the credit amount shall be sixty-five  
14 dollars; for tax year 1994, the credit amount shall be sixty-nine  
15 dollars; for tax year 1995, the credit amount shall be sixty-nine  
16 dollars; for tax year 1996, the credit amount shall be seventy-two  
17 dollars; for tax year 1997, the credit amount shall be eighty-six  
18 dollars; for tax year 1998, the credit amount shall be eighty-eight  
19 dollars; for tax year 1999, and each year thereafter, the credit  
20 amount shall be adjusted for inflation by the method provided in  
21 section 151 of the Internal Revenue Code of 1986, as amended. The  
22 eighty-eight-dollar credit amount shall be adjusted for cumulative  
23 inflation since 1998. If any credit amount is not an even dollar  
24 amount, the amount shall be rounded to the nearest dollar. ~~The~~  
25 ~~amount allowed for each personal exemption shall be reduced, but~~  
26 ~~not below zero, by five dollars for each five thousand dollars, or~~  
27 ~~portion thereof, that federal adjusted gross income exceeds ninety~~

1 thousand dollars for married filing joint returns, fifty-four  
2 thousand dollars for single returns, seventy-five thousand dollars  
3 for head-of-household returns, and for married filing separate  
4 returns, one-half the amount stated in this subsection for married  
5 filing joint returns. For nonresident individuals and partial-year  
6 resident individuals, the personal exemption credit shall be  
7 subtracted as specified in subsection (3) of section 77-2715.  
8 For tax year 1994 and each tax year thereafter, the income levels  
9 stated in this subsection shall be adjusted for inflation by the  
10 method provided in section 151 of the Internal Revenue Code of  
11 1986, as amended. If any income level in this subsection is not a  
12 multiple of one thousand dollars, the amount shall be rounded to  
13 the next highest multiple of one thousand dollars.

14 (2) (a) For tax years beginning or deemed to begin before  
15 January 1, 2003, under the Internal Revenue Code of 1986, as  
16 amended, every individual who did not itemize deductions on his  
17 or her federal return shall be allowed to subtract from federal  
18 adjusted gross income a standard deduction equal to the federal  
19 standard deduction for the filing status used on the federal return  
20 except as the amount is adjusted under section 77-2716.03.

21 (b) For tax years beginning or deemed to begin on or  
22 after January 1, 2003, and before January 1, 2004, under the  
23 Internal Revenue Code of 1986, as amended, every individual who  
24 did not itemize deductions on his or her federal return shall be  
25 allowed to subtract from federal adjusted gross income a standard  
26 deduction based on the filing status used on the federal return  
27 except as the amount is adjusted under section 77-2716.03. The

1 standard deduction shall be the smaller of the federal standard  
2 deduction actually allowed or (i) for single taxpayers four  
3 thousand seven hundred fifty dollars, (ii) for head of household  
4 taxpayers seven thousand dollars, (iii) for married filing jointly  
5 taxpayers seven thousand nine hundred fifty dollars, and (iv) for  
6 married filing separately taxpayers three thousand nine hundred  
7 seventy-five dollars. Taxpayers who are allowed additional federal  
8 standard deduction amounts because of age or blindness shall be  
9 allowed an increase in the Nebraska standard deduction for each  
10 additional amount allowed on the federal return. The additional  
11 amounts shall be for married taxpayers, nine hundred fifty dollars,  
12 and for single or head of household taxpayers, one thousand one  
13 hundred fifty dollars.

14 (c) For tax years beginning or deemed to begin on or  
15 after January 1, 2004, the standard deduction amounts, including  
16 the additional standard deduction amounts, in subdivision (2)(b) of  
17 this section shall be adjusted for inflation by the method provided  
18 in section 151 of the Internal Revenue Code of 1986, as amended.  
19 If any amount is not a multiple of ten dollars, the amount shall  
20 be rounded to the next highest multiple of ten dollars, except that  
21 the standard deduction for the married filing separately taxpayers  
22 may be a multiple of five dollars.

23 (3) Every individual who itemized deductions on his or  
24 her federal return shall be allowed to subtract from federal  
25 adjusted gross income the greater of either the standard deduction  
26 allowed in subsection (2) of this section or ~~the amount before~~  
27 ~~the federal disallowance of~~ his or her federal itemized deductions,

1 except for the amount deducted on the federal return for state or  
2 local income taxes paid and the amount of any adjustment required  
3 under section 77-2716.03 included in federal itemized deductions  
4 before any federal disallowance.

5 Sec. 11. Section 77-2716.03, Reissue Revised Statutes of  
6 Nebraska, is amended to read:

7 77-2716.03 (1) Any taxpayer whose federal adjusted gross  
8 income is larger than the threshold amount determined under section  
9 68 of the Internal Revenue Code of 1986, as amended, for the  
10 disallowance of itemized deductions shall calculate the amount of  
11 the excess, and make the following adjustments-

12 (2) The amount of the federal standard deduction actually  
13 allowed shall be reduced by one dollar for every ten dollars of the  
14 excess calculated in subsection (1) of this section. The standard  
15 deduction shall not be reduced below zero.

16 (3) For the purposes of calculating the adjustment in  
17 subsection (4) of this section, the following definitions shall be  
18 used:

19 (a) Protected deductions shall be those itemized  
20 deductions excepted from the federal disallowance under section 68  
21 of the Internal Revenue Code of 1986, as amended, and

22 (b) Disallowable deductions shall be all itemized  
23 deductions other than (i) protected deductions, (ii) the deduction  
24 for state and local income taxes, and (iii) charitable deductions.

25 (4) The amount of itemized deductions shall be reduced to  
26 the sum of the protected deductions plus charitable deductions plus  
27 the greater of:

1           ~~(a) Twenty percent of the disallowable deductions; or~~  
2           ~~(b) The disallowable deductions reduced by an amount~~  
3           ~~calculated as one dollar for every ten dollars of the excess~~  
4           ~~calculated in subsection (1) of this section.~~

5           (5) After making the adjustments provided for in  
6           subsections ~~(2)~~ and ~~(4)~~ of this section, the (2) A taxpayer's  
7           tax liability shall be increased by an amount determined under  
8           this subsection. The amount shall be calculated by multiplying the  
9           maximum individual tax rate by ten percent of the excess calculated  
10          in subsection (1) of this section and subtracting the amount of  
11          the tax from the tax tables on ten percent of the excess from the  
12          result. The difference shall be the increase in the tax liability.  
13          If taxable income is less than ten percent of the excess, the  
14          calculation in this subsection shall be made using taxable income.

15                 Sec. 12. Section 77-3442, Revised Statutes Supplement,  
16                 2005, is amended to read:

17                 77-3442 (1) Property tax levies for the support of local  
18                 governments for fiscal years beginning on or after July 1, 1998,  
19                 shall be limited to the amounts set forth in this section except as  
20                 provided in section 77-3444.

21                 (2) (a) Except as provided in subdivision (2) (b) of this  
22                 section, school districts and multiple-district school systems may  
23                 levy a maximum levy of ~~(i)~~ one dollar and five cents per one  
24                 hundred dollars of taxable valuation of property subject to the  
25                 levy. ~~for fiscal years 2003-04 through 2007-08 and (ii) one dollar~~  
26                 ~~per one hundred dollars of taxable valuation of property subject to~~  
27                 ~~the levy for all fiscal years except fiscal years 2003-04 through~~

1 ~~2007-08~~. Excluded from this limitation are amounts levied to pay  
2 for sums agreed to be paid by a school district to certificated  
3 employees in exchange for a voluntary termination of employment  
4 and amounts levied to pay for special building funds and sinking  
5 funds established for projects commenced prior to April 1, 1996,  
6 for construction, expansion, or alteration of school district  
7 buildings. For purposes of this subsection, commenced means any  
8 action taken by the school board on the record which commits  
9 the board to expend district funds in planning, constructing, or  
10 carrying out the project.

11 (b) Federal aid school districts may exceed the maximum  
12 levy prescribed by subdivision (2)(a) of this section only to  
13 the extent necessary to qualify to receive federal aid pursuant  
14 to Title VIII of Public Law 103-382, as such title existed on  
15 September 1, 2001. For purposes of this subdivision, federal  
16 aid school district means any school district which receives ten  
17 percent or more of the revenue for its general fund budget from  
18 federal government sources pursuant to Title VIII of Public Law  
19 103-382, as such title existed on September 1, 2001.

20 (c) For school fiscal year 2002-03 through school fiscal  
21 year 2007-08, school districts and multiple-district school systems  
22 may, upon a three-fourths majority vote of the school board of  
23 the school district, the board of the unified system, or the  
24 school board of the high school district of the multiple-district  
25 school system that is not a unified system, exceed the maximum  
26 levy prescribed by subdivision (2)(a) of this section in an amount  
27 equal to the net difference between the amount of state aid that

1 would have been provided under the Tax Equity and Educational  
2 Opportunities Support Act without the temporary aid adjustment  
3 factor and if subdivision (3) of section 79-1007.02 and subsections  
4 (2) and (5) of section 79-1008.01 had applied for the ensuing  
5 school fiscal year for the school district or multiple-district  
6 school system and the amount provided with the temporary aid  
7 adjustment factor and if subdivision (4) of section 79-1007.02  
8 and subsections (3) and (6) of section 79-1008.01 had applied.  
9 The State Department of Education shall certify to the school  
10 districts and multiple-district school systems the amount by which  
11 the maximum levy may be exceeded for the next school fiscal  
12 year pursuant to subdivision (2)(c) of this section on or before  
13 February 15 for school fiscal years 2004-05 through 2007-08.

14 (3) Community colleges may levy a maximum levy on each  
15 one hundred dollars of taxable property subject to the levy of  
16 seven cents, plus amounts allowed under subsection (7) of section  
17 85-1536.01, except that any community college whose valuation per  
18 reported aid equivalent student as defined in section 85-1503 was  
19 less than eighty-two percent of the average valuation per statewide  
20 reimbursable reported aid equivalent total as defined in section  
21 85-1503 for all community colleges for fiscal year 1997-98 may levy  
22 up to an additional one-half cent for each of fiscal years 2005-06  
23 and 2006-07 upon a three-fourths majority vote of the board.

24 (4) Natural resources districts may levy a maximum levy  
25 of four and one-half cents per one hundred dollars of taxable  
26 valuation of property subject to the levy. Natural resources  
27 districts shall also have the power and authority to levy a

1 tax equal to the dollar amount by which their restricted funds  
2 budgeted to administer and implement ground water management  
3 activities and integrated management activities under the Nebraska  
4 Ground Water Management and Protection Act exceed their restricted  
5 funds budgeted to administer and implement ground water management  
6 activities and integrated management activities for FY2003-04, not  
7 to exceed one cent on each one hundred dollars of taxable valuation  
8 annually on all of the taxable property within the district.

9 (5) Educational service units may levy a maximum levy of  
10 one and one-half cents per one hundred dollars of taxable valuation  
11 of property subject to the levy.

12 (6) (a) Incorporated cities and villages which are not  
13 within the boundaries of a municipal county may levy a maximum levy  
14 of forty-five cents per one hundred dollars of taxable valuation  
15 of property subject to the levy plus an additional five cents per  
16 one hundred dollars of taxable valuation to provide financing for  
17 the municipality's share of revenue required under an agreement  
18 or agreements executed pursuant to the Interlocal Cooperation Act  
19 or the Joint Public Agency Act. The maximum levy shall include  
20 amounts levied to pay for sums to support a library pursuant  
21 to section 51-201, museum pursuant to section 51-501, visiting  
22 community nurse, home health nurse, or home health agency pursuant  
23 to section 71-1637, or statue, memorial, or monument pursuant to  
24 section 80-202.

25 (b) Incorporated cities and villages which are within the  
26 boundaries of a municipal county may levy a maximum levy of ninety  
27 cents per one hundred dollars of taxable valuation of property

1 subject to the levy. The maximum levy shall include amounts paid  
2 to a municipal county for county services, amounts levied to pay  
3 for sums to support a library pursuant to section 51-201, a museum  
4 pursuant to section 51-501, a visiting community nurse, home health  
5 nurse, or home health agency pursuant to section 71-1637, or a  
6 statue, memorial, or monument pursuant to section 80-202.

7 (7) Sanitary and improvement districts which have been in  
8 existence for more than five years may levy a maximum levy of forty  
9 cents per one hundred dollars of taxable valuation of property  
10 subject to the levy, and sanitary and improvement districts which  
11 have been in existence for five years or less shall not have  
12 a maximum levy. Unconsolidated sanitary and improvement districts  
13 which have been in existence for more than five years and are  
14 located in a municipal county may levy a maximum of eighty-five  
15 cents per hundred dollars of taxable valuation of property subject  
16 to the levy.

17 (8) Counties may levy or authorize a maximum levy of  
18 fifty cents per one hundred dollars of taxable valuation of  
19 property subject to the levy, except that five cents per one  
20 hundred dollars of taxable valuation of property subject to the  
21 levy may only be levied to provide financing for the county's  
22 share of revenue required under an agreement or agreements executed  
23 pursuant to the Interlocal Cooperation Act or the Joint Public  
24 Agency Act. The maximum levy shall include amounts levied to pay  
25 for sums to support a library pursuant to section 51-201 or museum  
26 pursuant to section 51-501. The county may allocate up to fifteen  
27 cents of its authority to other political subdivisions subject

1 to allocation of property tax authority under subsection (1) of  
2 section 77-3443 and not specifically covered in this section to  
3 levy taxes as authorized by law which do not collectively exceed  
4 fifteen cents per one hundred dollars of taxable valuation on any  
5 parcel or item of taxable property. The county may allocate to  
6 one or more other political subdivisions subject to allocation  
7 of property tax authority by the county under subsection (1) of  
8 section 77-3443 some or all of the county's five cents per one  
9 hundred dollars of valuation authorized for support of an agreement  
10 or agreements to be levied by the political subdivision for the  
11 purpose of supporting that political subdivision's share of revenue  
12 required under an agreement or agreements executed pursuant to the  
13 Interlocal Cooperation Act or the Joint Public Agency Act. If an  
14 allocation by a county would cause another county to exceed its  
15 levy authority under this section, the second county may exceed the  
16 levy authority in order to levy the amount allocated.

17 (9) Municipal counties may levy or authorize a maximum  
18 levy of one dollar per one hundred dollars of taxable valuation  
19 of property subject to the levy. The municipal county may allocate  
20 levy authority to any political subdivision or entity subject to  
21 allocation under section 77-3443.

22 (10) Property tax levies for judgments, except judgments  
23 or orders from the Commission of Industrial Relations, obtained  
24 against a political subdivision which require or obligate a  
25 political subdivision to pay such judgment, to the extent such  
26 judgment is not paid by liability insurance coverage of a  
27 political subdivision, for preexisting lease-purchase contracts

1 approved prior to July 1, 1998, for bonded indebtedness approved  
2 according to law and secured by a levy on property, and for  
3 payments by a public airport to retire interest-free loans from the  
4 Department of Aeronautics in lieu of bonded indebtedness at a lower  
5 cost to the public airport are not included in the levy limits  
6 established by this section.

7 (11) The limitations on tax levies provided in this  
8 section are to include all other general or special levies  
9 provided by law. Notwithstanding other provisions of law, the  
10 only exceptions to the limits in this section are those provided by  
11 or authorized by sections 77-3442 to 77-3444.

12 (12) Tax levies in excess of the limitations in this  
13 section shall be considered unauthorized levies under section  
14 77-1606 unless approved under section 77-3444.

15 (13) For purposes of sections 77-3442 to 77-3444,  
16 political subdivision means a political subdivision of this state  
17 and a county agricultural society.

18 Sec. 13. Section 77-3501.01, Reissue Revised Statutes of  
19 Nebraska, is amended to read:

20 77-3501.01 (1) For purposes of section 77-3507, exempt  
21 amount shall mean the lesser of (a) the taxable value of the  
22 homestead or (b) ~~eighty~~ one hundred percent of the average assessed  
23 value of single-family residential property in the claimant's  
24 county of residence as determined in section 77-3506.02 or forty  
25 thousand dollars, whichever is greater.

26 (2) For purposes of sections 77-3508 and 77-3509, exempt  
27 amount shall mean the lesser of (a) the taxable value of the

1 homestead or (b) one hundred twenty percent of the average assessed  
2 value of single-family residential property in the claimant's  
3 county of residence as determined in section 77-3506.02 or fifty  
4 thousand dollars, whichever is greater.

5           Sec. 14. Section 77-3505.02, Reissue Revised Statutes of  
6 Nebraska, is amended to read:

7           77-3505.02 Maximum value shall mean:

8           (1) For applicants eligible under section 77-3507, ~~one~~  
9 ~~hundred fifty~~ two hundred percent of the average assessed value  
10 of single-family residential property in the claimant's county  
11 of residence as determined in section 77-3506.02 or ninety-five  
12 thousand dollars, whichever is greater; and

13           (2) For applicants eligible under sections 77-3508 and  
14 77-3509, ~~one hundred seventy-five~~ two hundred twenty-five percent  
15 of the average assessed value of single-family residential property  
16 in the claimant's county of residence as determined in section  
17 77-3506.02 or one hundred ten thousand dollars, whichever is  
18 greater.

19           Sec. 15. Section 77-5023, Revised Statutes Cumulative  
20 Supplement, 2004, is amended to read:

21           77-5023 (1) Pursuant to section 77-5022, the commission  
22 shall have the power to increase or decrease the value of a class  
23 or subclass of real property in any county or taxing authority  
24 or of real property valued by the state so that all classes  
25 or subclasses of real property in all counties fall within an  
26 acceptable range.

27           (2) An acceptable range is the percentage of variation

1 from a standard for valuation as measured by an established  
2 indicator of central tendency of assessment. Acceptable ranges  
3 are: (a) For agricultural and horticultural land as defined in  
4 section 77-1359, ~~seventy-four to eighty~~ sixty-nine to seventy-five  
5 percent of actual value; (b) for lands defined in section 77-1344  
6 receiving special valuation, ~~seventy-four to eighty~~ sixty-nine to  
7 seventy-five percent of special valuation as defined in section  
8 77-1343 and ~~seventy-four to eighty~~ sixty-nine to seventy-five  
9 percent of recapture valuation as defined in section 77-1343; and  
10 (c) for all other real property, ninety-two to one hundred percent  
11 of actual value.

12 (3) Any increase or decrease shall cause the indicator of  
13 central tendency of assessment utilized by the commission to be at  
14 the midpoint of the applicable acceptable range.

15 (4) Any decrease or increase to a subclass of property  
16 shall also cause the indicator of central tendency utilized by the  
17 commission for the class from which the subclass is drawn to be  
18 within the applicable acceptable range.

19 (5) Whether or not an established indicator of central  
20 tendency falls within an acceptable range or at the midpoint of  
21 an acceptable range may be determined to a reasonable degree  
22 of certainty relying upon generally accepted mass appraisal  
23 techniques.

24 Sec. 16. Section 79-1016, Revised Statutes Supplement,  
25 2005, is amended to read:

26 79-1016 (1) On or before August 25, the county assessor  
27 shall certify to the Property Tax Administrator the total taxable

1 value by school district in the county for the current assessment  
2 year on forms prescribed by the Property Tax Administrator.  
3 The county assessor may amend the filing for changes made to  
4 the taxable valuation of the school district in the county if  
5 corrections or errors on the original certification are discovered.  
6 Amendments shall be certified to the Property Tax Administrator on  
7 or before September 30. For 2005, pursuant to orders issued by  
8 the State Committee for the Reorganization of School Districts on  
9 or before December 1, 2005, for a Class I school district which  
10 dissolves and attaches its territory to a Class II, III, IV, or  
11 VI school district in such a manner that the parcels of property  
12 do not become a part of the local system with which they were  
13 previously affiliated or to which they were previously attached,  
14 the Property Tax Administrator shall require the county assessor to  
15 recertify the Class I district's taxable valuation according to the  
16 new affiliation on or before December 20, 2005, on forms prescribed  
17 by the Property Tax Administrator. For any local system's territory  
18 which is affected by a recertification of a Class I district's  
19 taxable valuation, the Property Tax Administrator shall compute  
20 and recertify the adjusted valuation to each local system and the  
21 department on or before February 1, 2006.

22 (2) On or before October 10, the Property Tax  
23 Administrator shall compute and certify to the State Department  
24 of Education the adjusted valuation for the current assessment  
25 year for each class of property in each school district and each  
26 local system for state aid to be certified for the following  
27 school fiscal year. The adjusted valuation of property for each

1 school district and each local system, for purposes of determining  
2 state aid pursuant to the Tax Equity and Educational Opportunities  
3 Support Act, shall reflect as nearly as possible state aid value  
4 as defined in subsection (3) of this section. The Property Tax  
5 Administrator shall notify each school district and each local  
6 system of its adjusted valuation for the current assessment year by  
7 class of property on or before October 10. Establishment of the  
8 adjusted valuation shall be based on the taxable value certified by  
9 the county assessor for each school district in the county adjusted  
10 by the determination of the level of value for each school district  
11 from an analysis of the comprehensive assessment ratio study or  
12 other studies developed by the Property Tax Administrator, in  
13 compliance with professionally accepted mass appraisal techniques,  
14 as required by section 77-1327. The Property Tax Administrator  
15 shall adopt and promulgate rules and regulations setting forth  
16 standards for the determination of level of value for school aid  
17 purposes.

18 (3) For purposes of this section, state aid value means:

19 (a) For real property other than agricultural and  
20 horticultural land, one hundred percent of actual value;

21 (b) For agricultural and horticultural land, ~~eighty~~  
22 seventy-five percent of actual value as provided in sections  
23 77-1359 to 77-1363. For agricultural and horticultural land that  
24 receives special valuation pursuant to section 77-1344, ~~eighty~~  
25 seventy-five percent of special valuation as defined in section  
26 77-1343; and

27 (c) For personal property, the net book value as defined

1 in section 77-120.

2 (4) On or before November 10, any local system may file  
3 with the Property Tax Administrator written objections to the  
4 adjusted valuations prepared by the Property Tax Administrator,  
5 stating the reasons why such adjusted valuations are not the  
6 valuations required by subsection (3) of this section. The Property  
7 Tax Administrator shall fix a time for a hearing. Either party  
8 shall be permitted to introduce any evidence in reference thereto.  
9 On or before January 1, the Property Tax Administrator shall enter  
10 a written order modifying or declining to modify, in whole or  
11 in part, the adjusted valuations and shall certify the order to  
12 the State Department of Education. Modification by the Property  
13 Tax Administrator shall be based upon the evidence introduced at  
14 hearing and shall not be limited to the modification requested  
15 in the written objections or at hearing. A copy of the written  
16 order shall be mailed to the local system within seven days after  
17 the date of the order. The written order of the Property Tax  
18 Administrator may be appealed within thirty days after the date  
19 of the order to the Tax Equalization and Review Commission in  
20 accordance with section 77-5013.

21 (5) On or before November 10, any local system or county  
22 official may file with the Property Tax Administrator a written  
23 request for a nonappealable correction of the adjusted valuation  
24 due to clerical error or, for agricultural and horticultural land,  
25 assessed value changes by reason of land qualified or disqualified  
26 for special use valuation pursuant to sections 77-1343 to 77-1348.  
27 For purposes of this subsection, clerical error means transposition

1 of numbers, allocation of value to the wrong school district,  
2 mathematical error, and omitted value. On or before the following  
3 January 1, the Property Tax Administrator shall approve or deny the  
4 request and, if approved, certify the corrected adjusted valuations  
5 resulting from such action to the State Department of Education.

6 (6) On or before May 31 of the year following the  
7 certification of adjusted valuation pursuant to subsection (2) of  
8 this section, any local system or county official may file with the  
9 Property Tax Administrator a written request for a nonappealable  
10 correction of the adjusted valuation due to changes to the tax  
11 list that change the assessed value of taxable property. Upon the  
12 filing of the written request, the Property Tax Administrator shall  
13 require the county assessor to recertify the taxable valuation by  
14 school district in the county on forms prescribed by the Property  
15 Tax Administrator. The recertified valuation shall be the valuation  
16 that was certified on the tax list, pursuant to section 77-1613,  
17 increased or decreased by changes to the tax list that change the  
18 assessed value of taxable property in the school district in the  
19 county in the prior assessment year. On or before the following  
20 July 31, the Property Tax Administrator shall approve or deny the  
21 request and, if approved, certify the corrected adjusted valuations  
22 resulting from such action to the State Department of Education.

23 (7) No injunction shall be granted restraining the  
24 distribution of state aid based upon the adjusted valuations  
25 pursuant to this section.

26 (8) A school district whose state aid is to be calculated  
27 pursuant to subsection (5) of this section and whose state aid

1 payment is postponed as a result of failure to calculate state  
2 aid pursuant to such subsection may apply to the state board for  
3 lump-sum payment of such postponed state aid. Such application may  
4 be for any amount up to one hundred percent of the postponed state  
5 aid. The state board may grant the entire amount applied for or any  
6 portion of such amount. The state board shall notify the Director  
7 of Administrative Services of the amount of funds to be paid in  
8 a lump sum and the reduced amount of the monthly payments. The  
9 Director of Administrative Services shall, at the time of the next  
10 state aid payment made pursuant to section 79-1022, draw a warrant  
11 for the lump-sum amount from appropriated funds and forward such  
12 warrant to the district.

13           Sec. 17. Sections 2, 13, 14, 15, and 18 of this act  
14 become operative on January 1, 2007. Sections 7, 8, 9, 10, 11,  
15 and 20 of this act become operative for taxable years beginning or  
16 deemed to begin on or after January 1, 2006, under the Internal  
17 Revenue Code of 1986, as amended. Sections 3, 4, 5, 6, and 21 of  
18 this act become operative on July 1, 2006. The other sections of  
19 this act become operative on their effective date.

20           Sec. 18. Original sections 77-3501.01 and 77-3505.02,  
21 Reissue Revised Statutes of Nebraska, section 77-5023, Revised  
22 Statutes Cumulative Supplement, 2004, and section 77-201, Revised  
23 Statutes Supplement, 2005, are repealed.

24           Sec. 19. Original sections 66-1345.04, 77-3442, and  
25 79-1016, Revised Statutes Supplement, 2005, are repealed.

26           Sec. 20. Original sections 77-2715.02 and 77-2716.03,  
27 Reissue Revised Statutes of Nebraska, section 77-2716.01, Revised

1 Statutes Cumulative Supplement, 2004, and sections 77-2715.07 and  
2 77-2716, Revised Statutes Supplement, 2005, are repealed.

3 Sec. 21. Original section 77-2704.55, Revised Statutes  
4 Cumulative Supplement, 2004, and sections 77-2701 and 77-2701.04,  
5 Revised Statutes Supplement, 2005, are repealed.

6 Sec. 22. Since an emergency exists, this act takes effect  
7 when passed and approved according to law.

8 2. On page 1, strike beginning with "section" in line  
9 1 through line 5 and insert "sections 77-2715.02, 77-2716.03,  
10 77-3501.01, and 77-3505.02, Reissue Revised Statutes of Nebraska,  
11 sections 77-2704.55, 77-2716.01, and 77-5023, Revised Statutes  
12 Cumulative Supplement, 2004, and sections 66-1345.04, 77-201,  
13 77-2701, 77-2701.04, 77-2715.07, 77-2716, 77-3442, and 79-1016,  
14 Revised Statutes Supplement, 2005; to change intent relating  
15 to funding of the Ethanol Production Incentive Cash Fund; to  
16 change taxable valuation provisions relating to agricultural land  
17 and horticultural land; to exempt housing agencies from certain  
18 sales and use taxes; to change provisions relating to the sales  
19 and use tax on contractor labor; to change income tax rate  
20 schedules; to provide an income tax credit as prescribed; to change  
21 provisions relating to income tax income and liability adjustments  
22 and personal exemptions; to change property tax levy limitations;  
23 to change provisions relating to homestead exemptions; to harmonize  
24 provisions; to provide operative dates; to repeal the original  
25 sections; and to declare an emergency."